

State of Idaho

Legislative Services Office

Individual Entity Audit Report

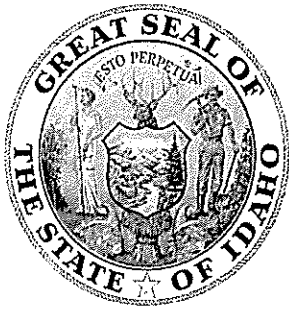
A communication to the Joint Finance-Appropriations Committee

SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)

FY 2008-2009

Report OP95609
Date Issued: June 4, 2010

Serving Idaho's Citizen Legislature



Idaho Legislative Services Office
Legislative Audits Division

Don H. Berg, Manager

SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)

SUMMARY

PURPOSE OF AUDIT REPORT

We have audited the financial statements of the Southeastern District Health Department (VI) for the fiscal years ended June 30, 2008 and 2009, in accordance with auditing standards generally accepted in the United States of America. The purpose of our audit is to determine whether the District's financial statements are materially accurate and reliable, and that it complied with laws and regulations affecting fiscal operations.

CONCLUSION

We conclude that District's financial statements are materially accurate and reliable, and fiscal operations materially comply with related laws and regulations. As a result, we issued an unqualified opinion on the District's financial statements.

FINDINGS AND RECOMMENDATIONS

There are no findings and recommendations in this report or the prior report.

A copy of this report is available online at: <http://www.legislature.idaho.gov/audit>.

AGENCY RESPONSE

The District has reviewed the report and is in general agreement with its contents.

OTHER INFORMATION

We discussed other issues which, if changed, would improve internal control, compliance, and efficiency.

This report is intended solely for the information and use of the State of Idaho, the Southeastern District Health Department (VI) and the District's Board, and is not intended to be used by anyone other than these specified parties.

We appreciate the cooperation and assistance given to us by the director, Edward Marugg, and his staff.

ASSIGNED STAFF

Eugene Sparks, CPA, CGFM, Managing Auditor
Elizabeth Yturalde, CPA, CGFM, In-Charge Auditor
Shannon Thomas, Staff Auditor
Maresa Blessinger, Staff Auditor

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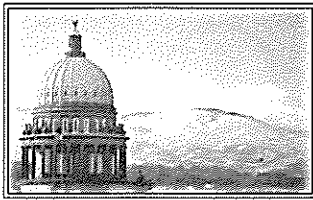
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Legislative Services Office Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

June 4, 2010

Unqualified Opinion on
Basic Financial Statements

Independent Auditor's Report

Edward Marugg, Director
Southeastern District Health Department (VI)
1901 Alvin Ricken Drive
Pocatello, ID 83201

Carolyn Meline, Chair
District VI Board of Health
655 South 10th
Pocatello, ID 83201

Dear Mr. Marugg and Ms. Meline:

We have audited the accompanying basic financial statements of the governmental activities, major fund, and the remaining fund information of the Southeastern District Health Department (VI), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and the remaining fund information of the District as of June 30, 2008 and 2009, and the respective changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2010, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

Don H. Berg, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

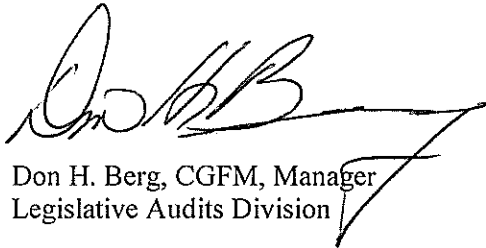
performed in accordance with *Government Auditing Standards* and should be considered when assessing the results of our audit.

The District has not presented the Management Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The budgetary comparison information on pages 15 and 16 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by *OMB Circular A-133*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sincerely,

A handwritten signature in black ink, appearing to read 'Don H. Berg', with a long horizontal line extending to the right.

Don H. Berg, CGFM, Manager
Legislative Audits Division

STATE OF IDAHO
SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2008 AND 2009

	June 30, 2008 Governmental Activities	June 30, 2009 Governmental Activities
ASSETS		
Cash	\$185,899	\$8,675
Investments	2,605,593	2,761,001
Interagency Receivables	277,755	243,584
Accounts Receivable	483,933	421,465
Capital Assets:		
Nondepreciable	113,797	113,797
Depreciable, Net	4,689,411	4,587,532
Total Assets	<u>\$8,356,388</u>	<u>\$8,136,054</u>
LIABILITIES		
Accounts Payable	\$23,537	\$21,187
Payroll and Benefits Payable	197,038	204,812
Deferred Revenue	202,616	147,237
Security Deposit Payable	9,031	0
Compensated Absences	267,047	255,212
Total Liabilities	<u>\$699,269</u>	<u>\$628,448</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	\$4,803,208	\$4,701,329
Unrestricted	2,853,911	2,806,277
Total Net Assets	<u><u>\$7,657,119</u></u>	<u><u>\$7,507,606</u></u>

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO
SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2008 AND 2009

FY 2008	PROGRAM REVENUE			Net (Expenses)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
<u>PROGRAMS</u>				
Governmental Activities:				
Administration and Board of Health	\$1,614,678	\$132,039	\$26,138	(\$1,456,501)
Family and Community Health	2,732,233	410,271	1,619,487	(702,475)
Environmental Health	760,388	551,614	164,757	(44,017)
Health Promotion	1,462,020	25,930	1,395,685	(40,405)
Home Health and Hospice	634,970	519,021	0	(115,949)
Total Governmental Activities	<u>\$7,204,289</u>	<u>\$1,638,875</u>	<u>\$3,206,067</u>	<u>(\$2,359,347)</u>
General Revenues:				
State General Support				\$1,323,000
Interest Income / Gain on Investment				123,448
County Contributions				980,856
Total General Revenues				<u>\$2,427,304</u>
Change in Net Assets				\$67,957
Beginning Net Assets (As Restated)				<u>7,589,162</u>
Ending Net Assets				<u>\$7,657,119</u>

FY 2009		PROGRAM REVENUE		Net (Expenses)
<u>PROGRAMS</u>	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
Governmental Activities:				
Administration and Board of Health	\$1,442,121	\$93,215	\$3,052	(\$1,345,854)
Family and Community Health	2,874,560	756,990	1,692,206	(425,364)
Environmental Health	743,668	29,861	158,242	(555,565)
Health Promotion	1,522,526	47,360	1,262,912	(212,254)
Home Health and Hospice	709	3,943	0	3,234
Total Governmental Activities	<u>\$6,583,584</u>	<u>\$931,369</u>	<u>\$3,116,412</u>	<u>(\$2,535,803)</u>
General Revenues:				
State General Support				\$1,300,600
Interest Income / Gain on Investment				75,408
County Contributions				1,010,282
Total General Revenues				<u>\$2,386,290</u>
Change in Net Assets				(149,513)
Beginning Net Assets				<u>7,657,119</u>
Ending Net Assets				<u>\$7,507,606</u>

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO
SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)
BALANCE SHEET
GOVERNMENTAL FUND
AS OF JUNE 30, 2008 AND 2009

	June 30, 2008 Special Revenue Fund	June 30, 2009 Special Revenue Fund
<u>ASSETS</u>		
Cash	\$185,899	\$8,675
Investments	2,605,593	2,761,001
Interagency Receivables	277,755	243,584
Accounts Receivable	483,933	421,465
Total Assets	<u>\$3,553,180</u>	<u>\$3,434,725</u>
 LIABILITIES AND FUND BALANCE		
Current Liabilities		
Accounts Payable	\$23,537	\$21,187
Payroll and Benefits Payable	197,038	204,812
Deferred Revenue	426,113	285,718
Total Liabilities	<u>\$646,688</u>	<u>\$511,717</u>
 Fund Balances		
Unreserved Special Revenue Fund	\$2,906,492	\$2,923,008
Total Fund Balance	<u>\$2,906,492</u>	<u>\$2,923,008</u>
Total Liabilities and Fund Balance	<u>\$3,553,180</u>	<u>\$3,434,725</u>

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET ASSETS

Total fund balances for governmental funds are different because:	\$2,906,492	\$2,923,008
Capital assets used in governmental activities are not financial resources and are, therefore, not reported in the funds.	4,803,208	4,701,329
Long-term liabilities are not due and payable in the current period and are, therefore, not reported in the funds. This consists of compensated absences and security deposit payable.	(276,078)	(255,212)
Deferred revenue that is earned but will probably not be received in the near-term is not used in governmental activities and is, therefore, not included in the funds.	223,497	138,481
Net Assets of Governmental Activities	<u>\$7,657,119</u>	<u>\$7,507,606</u>

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO
SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEARS ENDED JUNE 30, 2008 AND 2009

	Year Ended June 30, 2008			Year Ended June 30, 2009		
	Special Fund 0290	Millennium Fund 0499	Total Governmental Funds	Special Fund 0290	Millennium Fund 0499	Total Governmental Funds
REVENUES						
Health and Professional Services	\$1,541,471	\$0	\$1,541,471	\$1,044,666	\$0	\$1,044,666
Interest / Income on Investments	123,448	0	123,448	75,408	0	75,408
Federal Grants	2,896,115	0	2,896,115	2,822,217	0	2,822,217
State Grants	137,308	65,900	203,208	120,703	63,900	184,603
City/County Grants	980,856	0	980,856	1,010,282	0	1,010,282
Rent and Lease Income	109,749	0	109,749	89,591	0	89,591
General Fund Support	1,323,000	0	1,323,000	1,300,600	0	1,300,600
Total Revenues	\$7,111,947	\$65,900	\$7,177,847	\$6,463,467	\$63,900	\$6,527,367
EXPENDITURES						
Current						
Administration and Board of Health	\$1,473,081	\$0	\$1,473,081	\$1,304,985	\$0	\$1,304,985
Physical Health	2,740,081	0	2,740,081	2,880,558	0	2,880,558
Environmental Health	762,783	0	762,783	745,369	0	745,369
Health Promotion	1,392,461	65,900	1,458,361	1,453,998	63,900	1,517,898
Home Health and Hospice	594,386	0	594,386	709	0	709
Capital Outlay	1,623,648	0	1,623,648	61,332	0	61,332
Total Expenditures	\$8,586,440	\$65,900	\$8,652,340	\$6,446,951	\$63,900	\$6,510,851
Excess (Deficiency) of Revenues						
Over Expenditures - Net Change in Fund Balance	(\$1,474,493)	\$0	(\$1,474,493)	\$16,516	\$0	\$16,516
Beginning Fund Balance, as Restated	4,380,985	0	4,380,985	2,906,492	0	2,906,492
Ending Fund Balance	\$2,906,492	\$0	\$2,906,492	\$2,923,008	\$0	\$2,923,008

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

	FY 2008	FY 2009
Net Change in Fund Balances for Total Governmental Funds	(\$1,474,493)	\$16,516
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, these costs are allocated as depreciation expense. Depreciation expense was less than capital outlays in the FY 08 and FY 09 by the following amounts:		
Capital Outlay	1,632,848	61,332
Depreciation Expense	(148,002)	(158,039)
Miscellaneous transactions capital assets such as sales (gain/loss) are reported in the Statement of Activities, but only proceeds from sales are reported in the governmental funds.	(48,874)	(5,172)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	97,637	(85,016)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This requires an adjustment for compensated absences and security deposit payable.	8,841	20,866
Change in Net Assets of Governmental Activities	\$67,957	(\$149,513)

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Health District is not a State agency. In determining how to define the Southeastern District Health Department (VI) for financial reporting purposes, management has considered all potential component units in accordance with GASB *Statement 14*. The legislature created seven health districts throughout the State in 1970. In 1976, the legislature expressed specific intent that the districts were not to be considered State agencies, but were to be recognized as authorized governmental entities.

Idaho Code, Section 39-414 specifically states that ". . . a public health district is not a subdivision of the state and shall be considered an independent body corporate and politic" Although the districts are not State agencies, all districts have opted to process their financial transactions through the State accounting system.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report information on all activities of the District. These activities are financed through General Fund appropriations, county contributions, federal grants, and program revenues.

The Statement of Net Assets presents the District's assets and liabilities, with the difference reported as net assets. Net assets are reported in two categories:

1. *Invested in Capital Assets, Net of Related Debt*, are capital assets, net of accumulated depreciation and reduced by related outstanding debt.
2. *Unrestricted Net Assets* consists of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include fees and charges paid by recipients of goods or services offered by the program. Appropriations, contributions, interest income, and other items not meeting the definition of program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds. Individual governmental funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities are presented on the Statement of Net Assets. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under governmental fund accounting, only current assets and current liabilities are generally included on the Balance Sheet. Revenues are recognized in the accounting period in which they become susceptible to accrual. That is, when they become both measurable and available to finance expenditures of the fiscal period. The District considers all revenues reported in the

governmental funds to be available if the revenues are collected within 60 days. Sales of service, interest, and federal grants are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

The District has one major governmental fund. The Special Revenue Fund accounts for all financial resources of the District, except those required to be accounted for in the Millennium Fund.

Immaterial differences between the financial statements and the notes are due to rounding.

ASSETS, LIABILITIES, AND NET ASSETS

Cash and Cash Equivalents

The District's primary governmental fund cash is considered to be cash on hand and is on deposit with the State Treasurer's Office.

Investments

Investments are reported at fair value. Additional disclosure is provided in Note 2.

Accounts Receivable

The accounts receivable come from county contributions, federal grants, and client accounts.

Prepaid Expenses

The District uses the purchase method of accounting for prepaid expenses. GAAP do not require that significant balances of prepaid items be reported as assets if the purchases method is used.

Interagency Receivables and Payables

Interagency receivables and payables are funds due to and from State agencies for contract services. The transfers are usually completed monthly.

Inventory

The District applies the purchase method of accounting for inventory. Inventory expensed using this method is not significant and does not require disclosure on the Balance Sheet.

Capital Assets

Purchased capital assets are reported at cost or, if the assets are donated, at market value at date of donation. Only capital assets with a value of \$5,000 or greater are capitalized. Depreciation is recorded by use of the straight-line method. The value of each asset is reduced by equal amounts over its estimated useful life as follows:

<u>Estimated Useful Life (Years)</u>	
Equipment	3 – 30
Building/Improvements	10 – 50
Vehicles	5

Maintenance, repairs, and minor renewals are charged as operating expenses when incurred. When an asset is disposed of, accumulated depreciation is deducted from the original cost and any gain or loss arising from its disposal is credited or charged to operations. Additional disclosures related to capital assets are provided in Note 5.

Accounts Payable

Payables in the government-wide financial statements consist primarily of short-term vendor obligations.

Deferred Revenue

Deferred revenue is recognized when revenue is received prior to being earned. In the governmental fund statements, deferred revenue is also recognized when revenue is earned but not available.

REVENUES AND EXPENDITURES/EXPENSES

In the government-wide Statement of Activities, revenues and expenses are segregated by activity. Additionally, revenues are classified as program or general revenues. Program revenues include charges to clients or applicants for services provided and certain grants and contributions. General revenues include General Fund appropriation, county contribution, and interest.

In the governmental fund financial statements, revenues are reported by source, and expenditures are reported by function. The Special Revenue Fund is used to account for all of the District's activities, except tobacco cessation, which is accounted for in the non-major fund, the Millennium Fund.

SHORT-TERM DEBT

For the fiscal years ending June 30, 2008 and 2009, there was no short-term debt activity and no short-term debt outstanding.

RESTATEMENTS

1. Changes in Accounting Principle

Prepaid Expenses: The District elected to change its accounting principal for prepaid items from the consumption method to the purchase method of accounting. The District believes this principle is preferable to the one previously employed. GAAP do not require that significant balances of prepaid items be reported as assets if the purchase method is used. The closed beginning balance of prepaid expense for 2007 was restated by -\$5,141, and the fund balance was restated by -\$5,141.

2. Prior Period Adjustment

County Contribution Accrual: The beginning balance of accounts receivable was restated to reflect a prior period adjustment for the county pledge. Historically, the county contribution was reported on a cash basis. The change is to comply with *GASB Statement 33*, paragraph 24, which states in part: ". . . the applicable period for both the provider and the recipients is the provider's fiscal year and begins on the first day of that year. . . . The entire award should be recognized at that time." The closed beginning balance of accounts receivable for fiscal year 2007 was restated by \$238,072, and the fund balance was restated by \$238,072.

The net effect of these two restatements on the closed beginning fund balance for 2007 was to increase it by \$232,931.

NOTE 2. CASH AND INVESTMENTS

The District participates in the State Treasurer's internal and external investment pools. The Idle Fund is an internal investment pool managed by the State Treasurer's Office on behalf of participants. Money not needed to meet immediate operating obligations is invested in accordance with Idaho Code, Sections 67-1210 and 67-1210A. Participation in the pool is involuntary.

The District participates in the Local Government Investment Pool, (LGIP) and the Diversified Bond Fund (DBF), both of which are external investment pools sponsored by the State Treasurer's Office. A copy of the State's *Comprehensive Annual Financial Report, (CAFR)*, including the investment pools'

financial statements, is available from the Office of the State Controller, Bureau of Reporting and Review.

Idaho Code restricts the State Treasurer to certain types of investments.

Credit Risk	FY 2008	FY 2009
Local Government Investment Pool	AAAf fund credit quality rating and an S1+ volatility rating by Standard & Poor's Ratings Services.	AAAf fund credit quality rating and an S1+ volatility rating by Standard & Poor's Ratings Services.
Diversified Bond Fund	AAAf fund credit quality rating and an S2 volatility rating by Standard & Poor's Ratings Services.	AAAf fund credit quality rating and an S2 volatility rating by Standard & Poor's Ratings Services.

Interest Rate Risk

The following schedule represents the District's investments in the external investment pools and a distribution of the pools' maturities at June 30, 2008 and 2009:

Investment at Fair Value	June 30, 2008	June 30, 2009
Local Government Investment Pool	\$1,526,441	\$1,636,650
Diversified Bond Fund	\$1,079,152	\$1,124,351
Total	\$2,605,593	\$2,761,001

Weighted Average Maturity	June 30, 2008	June 30, 2009
Local Government Investment Pool	67 days	58 days
Diversified Bond Fund	4.6 years	2.8 years

The District has no formal investment policies to mitigate credit risk or interest rate risk.

NOTE 3. COMPENSATED ABSENCES

The District is not part of the State, but has elected to follow State rules on compensated absences. District employee benefits include vacation and sick leave allowances. Overtime may be earned under provisions of the Fair Labor Standards Act and State law. Overtime is commonly referred to as "compensatory time" or "comp time," since employees may take time off for the accrued overtime. For the purposes of earning and accruing overtime, there are three general employee classifications:

1. Those who earn overtime at 1.5 times regular pay rates and may be paid for the overtime or take time off.
2. Those who earn overtime at the same rate as regular pay rates and may only take time off.
3. Those ineligible for overtime.

Upon termination, the following accrued leave balances are paid:

1. Vacation leave
2. Overtime for those eligible for payment

As of June 30, 2008 and 2009, the following total value of leave has been accrued by District employees. These amounts are accrued in the governmental-wide financial statements when the benefit is incurred. A liability for the amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation or retirement.

<u>Changes to Compensated Absences</u>	<u>FY 2008</u>
Beginning Balance July 1, 2007	\$284,919
Increases	296,721
Decreases	<u>(314,593)</u>
Ending Balance June 30, 2008	<u>\$267,047</u>

The District estimates the amount due within one year is \$267,047.

<u>Changes to Compensated Absences</u>	<u>FY 2009</u>
Beginning Balance July 1, 2008	\$267,047
Increases	253,677
Decreases	<u>(265,512)</u>
Ending Balance June 30, 2009	<u>\$255,212</u>

The District estimates the amount due within one year is \$255,212. Compensated absences are paid from the District's main operating fund.

NOTE 4. PENSION PLAN

DEFINED BENEFIT PLAN

The Public Employee Retirement System of Idaho (PERSI) Base Plan, a cost-sharing, multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible State and school district employees, the legislation provided for political subdivisions to participate by contractual agreement with PERSI. After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available, stand-alone financial reports that include audited financial statements and required supplementary information. These reports are available on PERSI's Web site: www.persi.idaho.gov.

The actuarially determined contribution requirements of the District and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2008, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.65% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/firefighter members. The District's employer contributions required and paid were \$416,125, \$374,375, and \$341,380, for the three years ended June 30, 2007, 2008, and 2009, respectively.

DEFINED CONTRIBUTION PLAN

The defined contribution retirement plans include the 401(k) and the 414(k). The plans are governed by Idaho Code, Sections 59-1301 through 59-1399. The 414(k) plan was established for gain-sharing

allocations from the PERSI Base Plan. The gain-sharing amount (if any) is based on funding levels in the PERSI Base Plan.

The 401(k) plan is open to all active PERSI Base Plan members. Eligibility for the 414(k) gain sharing requires 12 months of active PERSI membership as defined in Idaho statutes and PERSI rules.

The assets of the 401(k) and the 414(k) are commingled for investment and record keeping purposes. The other significant accounting policies are the same as the PERSI Base Plan.

Participants in the 401(k) plan can make tax-deferred contributions up to 100 percent of their gross salary less deductions and subject to the IRS annual contribution limit. Participants direct their own investment mix without restriction, and may elect to change their salary deferral. For the audit period, no voluntary employer matching contributions have been made.

Additionally, PERSI administers the Sick Leave Insurance Reserve Fund, which collects salary-based contributions for State and school employees while employed, and pays insurance premiums at retirement based on a portion of the accumulated balance of their unused sick leave. The District prefunds termination payment liabilities related to sick leave and other similar compensated absences with contributions to PERSI during active employment.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2008 and 2009 is as follows:

	Balances at July 1, 2007	Increases	Decreases	Balances at June 30, 2008
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$40,736	\$73,061	\$0	\$113,797
Total Capital Assets Not Being Depreciated	\$40,736	\$73,061	\$0	\$113,797
Capital Assets Being Depreciated:				
Buildings and Improvements	\$3,846,974	\$1,529,119	\$0	\$5,376,093
Leasehold Improvements	22,374	0	0	22,374
Equipment	185,792	9,200	97,665	97,327
Vehicles	347,742	21,468	66,705	302,505
Total Capital Assets Being Depreciated	\$4,402,882	\$1,559,787	\$164,370	\$5,798,299
Less Accumulated Depreciation for:				
Buildings and Improvements	(\$721,671)	(\$110,755)	\$0	(\$832,426)
Leasehold Improvements	(2,982)	(497)	0	(3,479)
Equipment	(107,398)	(9,932)	(55,462)	(61,868)
Vehicles	(244,331)	(26,818)	(60,034)	(211,115)
Total Accumulated Depreciation	(\$1,076,382)	(\$148,002)	(\$115,496)	(\$1,108,888)
Total Capital Assets Being Depreciated, Net	\$3,326,500	\$1,411,785	\$48,874	\$4,689,411
Governmental Activities Capital Assets, Net	\$3,367,236	\$1,484,846	\$48,874	\$4,803,208

	Balances at July 1, 2008	Increases	Decreases	Balances at June 30, 2009
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$113,797	\$0	\$0	\$113,797
Total Capital Assets Not Being Depreciated	\$113,797	\$0	\$0	\$113,797
Capital Assets Being Depreciated:				
Buildings and Improvements	\$5,376,093	\$27,614	\$0	\$5,403,707
Leasehold Improvements	22,374	0	0	22,374
Equipment	97,327	0	0	97,327
Vehicles	302,505	33,718	51,724	284,499
Total Capital Assets Being Depreciated	\$5,798,299	\$61,332	\$51,724	\$5,807,907
Less Accumulated Depreciation for:				
Buildings and Improvements	(\$832,426)	(\$117,703)	\$0	(\$950,129)
Leasehold Improvements	(3,479)	(497)	0	(3,976)
Equipment	(61,868)	(9,932)	0	(71,800)
Vehicles	(211,115)	(29,907)	(46,552)	(194,470)
Total Accumulated Depreciation	(\$1,108,888)	(\$158,039)	(\$46,552)	(\$1,220,375)
Total Capital Assets Being Depreciated, Net	\$4,689,411	(\$96,707)	\$5,172	\$4,587,532
Governmental Activities Capital Assets, Net	\$4,803,208	(\$96,707)	\$5,172	\$4,701,329

Capital assets, including equipment and property, are reported at cost when constructed or purchased. If acquired by gift, capital assets are recognized at fair value on the date of the gift. Repair and maintenance expenses are charged to operating expenses as incurred.

Depreciation is charged to both Administration and the Health Promotion program (dependent upon the funding source of the asset). In fiscal year 2008 depreciation was \$148,002, and in fiscal year 2009, depreciation was \$158,039.

NOTE 6. LEASES

OPERATING LEASES

Operating leases are leases for which the District will not gain title to the asset. They contain various renewal options, as well as some purchase options. Operating lease payments are recorded as expenditures of the related funds when paid or incurred. The District's total operating lease expenditures for fiscal years 2008 and 2009 were \$26,279 and \$30,703, respectively.

Future minimum lease commitments for non-cancelable operating lease payments as of June 30, 2009 are:

<u>Operating Leases</u>	<u>Amount</u>
FY 2010	\$23,110
FY 2011	14,903
Thereafter	0
Total	<u>\$38,013</u>

CAPITAL LEASES

The District had no capital leases in fiscal year 2008 or 2009.

NOTE 7. SECURITY DEPOSIT PAYABLE

A tenant occupied the District's Bingham County office building when it was purchased in September 2007. Settlement of the purchase included a refundable security deposit in the amount of \$9,031. This deposit was to be returned to the tenant upon vacating the premise. The tenant vacated the premises in March 2009, and the deposit was returned.

CHANGES IN SECURITY DEPOSIT PAYABLE

<u>FY 2008</u>	
Beginning Balance July 1, 2007	\$0
Increases	9,031
Decreases	<u>0</u>
Ending Balance June 30, 2008	\$9,031

The District estimates the amount due within one year is \$9,031. Security deposits payable are paid from the District's main operating fund.

<u>FY 2009</u>	
Beginning Balance July 1, 2008	\$9,031
Increases	0
Decreases	<u>(9,031)</u>
Ending Balance June 30, 2009	<u><u>\$0</u></u>

The District estimates the amount due within one year is \$0. Security deposits payable are paid from the District's main operating fund.

NOTE 8. PENDING LITIGATION

The District was named as the defendant in a lawsuit filed with the U.S. District Court on September 3, 2008. The complaint was filed by a former employee, charging employment discrimination, under the Age Discrimination in Employment Act and the Americans with Disabilities Act. The lawsuit seeks to recover damages covering attorney fees, lost salary, and personal damages for duress. The case was settled at mediation on February 26, 2010, in the amount of \$35,000. Of that amount, the District's share is \$30,000 and the State of Idaho, Risk Management's share is \$5,000. Payment was processed on March 11, 2010.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF IDAHO
SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
State	\$1,330,800	\$1,323,000	\$1,323,000	\$0
County	980,856	973,714	973,714	0
Contracts	3,110,065	3,466,130	3,454,924	(11,206)
Fees - Public Health	843,931	844,203	905,493	61,290
Fees - Home Health	1,556,996	1,556,996	635,702	(921,294)
Interest	115,589	115,589	123,448	7,859
Rental	0	109,749	109,749	0
Reserve	278,349	1,602,476	0	(1,602,476)
	<u>\$8,216,586</u>	<u>\$9,991,857</u>	<u>\$7,526,030</u>	<u>(\$2,465,827)</u>
Reconciliation to GAAP Basis Revenues:				
Change in Interagency Receivable			(56,515)	
Change in Accounts Receivable			8,585	
Change in Deferred Revenue			(300,253)	
Total GAAP Revenues			<u>\$7,177,847</u>	
EXPENDITURES				
	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Personnel Costs	\$6,130,756	\$5,972,355	\$5,190,479	\$781,876
Operating	1,930,751	2,328,215	1,876,702	451,513
Capital Outlay	155,079	1,691,287	1,623,648	67,639
Total Expenditures	<u>\$8,216,586</u>	<u>\$9,991,857</u>	<u>\$8,690,829</u>	<u>\$1,301,028</u>
Reconciliation to GAAP Basis Expenditures:				
Change in Accounts Payable			(\$40,951)	
Change in Payroll Payable			2,462	
Total GAAP Expenditures			<u>\$8,652,340</u>	

The accompanying notes are an integral part of these financial schedules.

STATE OF IDAHO
SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

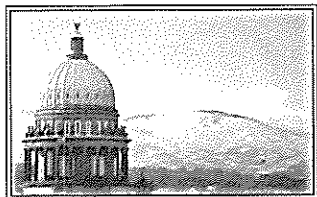
	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
State	\$1,395,600	\$1,310,700	\$1,300,600	(\$10,100)
County	1,002,929	1,002,929	1,002,925	(4)
Contracts	3,008,346	3,135,351	3,099,219	(36,132)
Fees	988,672	899,080	915,868	16,788
Interest	79,000	79,000	75,408	(3,592)
Rent Income	89,592	89,592	89,591	(1)
Reserve	250,509	670,688	0	(670,688)
	<u>\$6,814,648</u>	<u>\$7,187,340</u>	<u>\$6,483,611</u>	<u>(\$703,729)</u>
Reconciliation to GAAP Basis Revenues:				
Change in Interagency Receivable			(\$34,171)	
Change in Accounts Receivable			(62,468)	
Change in Deferred Revenue			140,395	
Total GAAP Revenues			<u>\$6,527,367</u>	
	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Personnel Costs	\$5,097,330	\$5,040,242	\$4,799,861	\$240,381
Operating	1,377,217	1,787,897	1,644,234	143,663
Capital Outlay	340,101	359,201	61,332	297,869
Total Expenditures	<u>\$6,814,648</u>	<u>\$7,187,340</u>	<u>\$6,505,427</u>	<u>\$681,913</u>
Reconciliation to GAAP Basis Expenditures:				
Change in Accounts Payable			(\$2,350)	
Change in Payroll Payable			7,774	
Total GAAP Expenditures			<u>\$6,510,851</u>	

The accompanying notes are an integral part of these financial schedules.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1. BUDGET COMMITTEE

The chairmen of the boards of county commissioners located within the Public Health District serve as the Budget Committee of the Public Health District. The District Board of Health submits the budget to the Budget Committee. The budget is prepared on a cash basis. The budget for the Public Health District shall be approved by a majority of the Budget Committee. Any adjustments to the budget are approved by the Board of Health.



Legislative Services Office Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

June 4, 2010

Independent Auditor's Report on Internal Control over
Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Edward Marugg, Director
Southeastern District Health Department (VI)
1901 Alvin Ricken Drive
Pocatello, ID 83201

Carolyn Meline, Chair
District VI Board of Health
655 South 10th
Pocatello, ID 83201

Dear Mr. Marugg and Ms. Meline:

We have audited the financial statements of the governmental activities, major fund, and the remaining fund information of Southeastern District Health Department (VI), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 4, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager 18
Budget & Policy Analysis

Don H. Berg, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

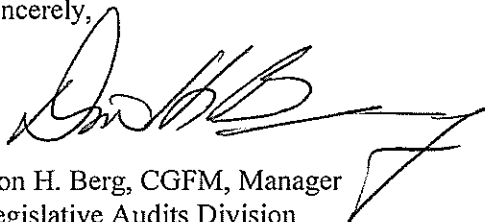
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

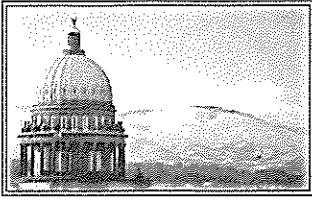
We noted certain other matters that we have reported to the management of the District in a separate letter.

This report is intended solely for the information and use of the State of Idaho, Southeastern District Health Department (VI), and the District's Board of Health, and is not intended to be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read 'Don H. Berg', with a long horizontal flourish extending to the right.

Don H. Berg, CGFM, Manager
Legislative Audits Division



Legislative Services Office Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

June 4, 2010

Independent Auditor's Report on Compliance with
Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in
Accordance With OMB Circular A-133

Edward Marugg, Director
Southeastern District Health Department (VI)
1901 Alvin Ricken Drive
Pocatello, ID 83201

Carolyn Meline, Chair
District VI Board of Health
655 South 10th
Pocatello, ID 83201

Dear Mr. Marugg and Ms. Meline:

Compliance

We have audited the compliance of Southeastern District Health Department (VI) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements, and performing such other procedures that we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009.

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

Don H. Berg, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

Internal Control Over Compliance

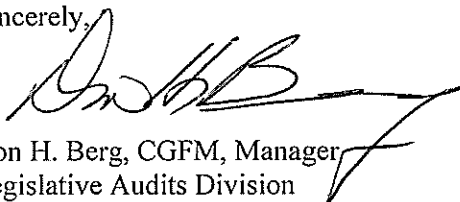
The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct, material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on the internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management of Southeastern District Health Department (VI), and the federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read 'Don H. Berg', with a long horizontal flourish extending to the right.

Don H. Berg, CGFM, Manager
Legislative Audits Division

STATE OF IDAHO
SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2008 AND JUNE 30, 2009

Federal Grantor / Program Title	Federal CFDA	Contract Number	Pass-Through Entity *	Contract Period	Contract Amount	Federal Expenditures FY08	Federal Expenditures FY09	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE								
WIC Administration	10.557	HC557800	1	10/1/06 - 9/30/07	\$835,836	\$131,609	\$0	\$131,609
WIC Administration	10.557	HC585500	1	10/1/07 - 9/30/08	947,627	801,980	200,171	1,002,151
WIC Administration	10.557	HC626500	1	10/1/08 - 9/30/09	1,100,556	0	882,306	882,306
WIC Food Vouchers Redeemed	10.557	none	1	none	n/a	3,589,973	3,776,032	7,366,005
Total CFDA 10.557						\$4,523,562	\$4,858,509	\$9,382,071
TOTAL U.S. DEPARTMENT OF AGRICULTURE						\$4,523,562	\$4,858,509	\$9,382,071
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
HOPWA (Housing for People with AIDS)	14.241	IDH030006 07-06	2	7/1/07 - 7/31/08	15,347	\$12,296	\$879	\$13,175
HOPWA (Housing for People with AIDS)	14.241	IDH080004	2	9/1/08 - 8/31/09	19,558	0	19,551	19,551
Total CFDA 14.241						\$12,296	\$20,430	\$32,726
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						\$12,296	\$20,430	\$32,726
U.S. DEPARTMENT OF TRANSPORTATION								
Car Seats	20.205	V069770	4	12/1/06 - 9/30/07	12,800	\$7,903	\$0	\$7,903
Car Seats	20.205	OTHS SSB0832	4	2/1/08 - 9/30/08	6,700	2,514	4,186	6,700
Car Seats	20.205	OTHS SSB0832	4	2/1/09 - 9/30/09	6,025	0	2,475	2,475
Total CFDA 20.205						\$10,417	\$6,661	\$17,078
TOTAL U.S. DEPARTMENT OF TRANSPORTATION						\$10,417	\$6,661	\$17,078
U.S. ENVIRONMENTAL PROTECTION AGENCY								
Public Drinking Water	66.432	S204	3	7/1/07 - 6/30/09	140,746	\$66,404	\$74,342	\$140,746
Total CFDA 66.432						\$66,404	\$74,342	\$140,746
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY						\$66,404	\$74,342	\$140,746
U.S. CONSUMER PRODUCT SAFETY COMMISSION								
CPSC Product Recall	87.999	08-W-08-0008	7	1/16/08 - 8/31/08	975	\$975	\$0	\$975
Total CFDA 87.999						\$975	\$0	\$975
TOTAL U.S. CONSUMER PRODUCT SAFETY COMMISSION						\$975	\$0	\$975
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES								
Medical Reserve Corps	93.008	MRC 07 419	6			\$6,282	\$278	\$6,560
Total CFDA 93.008						\$6,282	\$278	\$6,560
Project Life	93.048	HC592900	1	10/1/07 - 5/31/08	72,900	\$72,900	\$0	\$72,900
Project Life	93.048	HC603600	1	6/1/08 - 5/31/09	70,300	1,087	69,213	70,300
Project Life	93.048	HC640600	1	6/1/09 - 5/31/10	73,800	0	530	530
Total CFDA 93.048						\$73,987	\$69,743	\$143,730
Tuberculosis - Direct Observed Therapy	93.116	HC567800	1	1/1/07 - 12/31/07	9,200	\$4,050	\$0	\$4,050
Tuberculosis - Direct Observed Therapy	93.116	HC597800	1	1/1/08 - 12/31/08	9,524	5,337	4,187	9,524
Tuberculosis - Direct Observed Therapy	93.116	HC632000	1	1/1/09 - 12/31/09	8,711	0	4,350	4,350
Total CFDA 93.116						\$9,387	\$8,537	\$17,924
Family Planning - Title X	93.217	HC576200	1	7/1/07 - 6/30/08	107,202	\$107,202	\$0	\$107,202
Family Planning - Title X	93.217	HC605100	1	7/1/08 - 6/30/09	95,777	0	102,709	102,709
Value of Contraceptives Provided	93.217	none	1	none	N/A	92,781	75,141	167,922
Total CFDA 93.217						\$199,983	\$177,850	\$377,833
Asthma	93.283	HC551500	1	9/1/06 - 8/31/07	14,000	\$1,400	\$0	\$1,400
Asthma	93.283	HC584000	1	9/1/07 - 8/31/09	28,000	13,361	14,200	27,561
Arthritis	93.283	HC574700	1	7/1/07 - 6/30/08	16,000	16,000	0	16,000
Comprehensive Cancer Control	93.283	HC572300	1	6/30/07 - 6/29/08	23,000	23,000	0	23,000
Comprehensive/Skin Cancer Control	93.283	HC604400	1	6/30/08 - 6/29/10	47,250	0	23,625	23,625

The accompanying notes are an integral part of the schedule.

STATE OF IDAHO
SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2008 AND JUNE 30, 2009

Federal Grantor / Program Title	Federal CFDA	Contract Number	Pass-Through Entity *	Contract Period	Contract Amount	Federal Expenditures FY08	Federal Expenditures FY09	Total Federal Expenditures
Bioterrorism Epidemiology	93.283	HC561300	1	8/31/06 - 8/30/07	\$163,085	\$32,595	\$0	\$32,595
Bioterrorism Epidemiology	93.283	HC590700	1	8/31/07 - 8/9/08	132,273	130,187	2,086	132,273
Bioterrorism Epidemiology	93.283	HC615900	1	8/10/08 - 8/9/09	129,600	0	124,237	124,237
Public Health Preparedness	93.283	HC557000	1	8/31/06 - 8/30/07	367,919	64,531	0	64,531
Bioterrorism - Health Preparedness	93.283	HC588600	1	8/31/07 - 8/9/08	308,879	283,139	25,740	308,879
Bioterrorism - Health Preparedness	93.283	HC613000	1	8/10/08 - 8/9/09	297,982	0	267,136	267,136
HPP V - Pandemic Flu Surge	93.283	HC540000	1	6/2/06 - 8/30/07	24,998	24,862	136	24,998
Pandemic Influenza	93.283	HC540000	1	6/2/06 - 8/30/07	175,078	102,578	0	102,578
Pandemic Influenza	93.283	HC587700	1	8/31/07 - 8/9/08	100,000	87,659	12,341	100,000
Tobacco Prevention	93.283	HC542800	1	7/1/06 - 3/29/09	120,217	43,715	32,787	76,502
Tobacco Prevention	93.283	HC635800	1	3/30/09 - 3/29/11	87,430	0	8,442	8,442
Total CFDA 93.283						\$823,027	\$510,730	\$1,333,757
Health and Safety	93.558	6C057600	1	10/1/04 - 9/30/08	215,005	\$40,714	\$7,549	\$48,263
Total CFDA 93.558						\$40,714	\$7,549	\$48,263
Child Care	93.575	WC056300	1	7/1/06 - 6/30/10	528,136	\$99,298	\$80,616	\$179,914
Total CFDA 93.575						\$99,298	\$80,616	\$179,914
Child Find	93.778	6C065000	1	8/15/06 - 8/14/07	19,800	\$4,950	\$0	\$4,950
Child Find	93.778	6C065000-A#1	1	8/15/06 - 8/13/10	59,400	14,850	19,800	34,650
Total CFDA 93.778						\$19,800	\$19,800	\$39,600
HRSA IV - Hospital Preparedness	93.889	HC520600	1	9/1/05 - 8/31/06	255,724	\$0	\$178	\$178
HRSA V	93.889	HC556400	1	9/1/06 - 8/31/07	82,177	27,212	0	27,212
HRSA V - Hospital Preparedness	93.889	HC556400	1	9/1/06 - 8/31/07	138,383	132,664	5,719	138,383
ASPR VI	93.889	HC589000	1	9/1/07 - 8/8/08	81,892	72,345	9,547	81,892
ASPR VII	93.889	HC613600	1	8/9/08 - 8/8/09	89,614	0	80,056	80,056
ASPR VII Medical Reserve Corp	93.889	HC613600	1	8/9/08 - 8/8/09	13,200	0	2,976	2,976
ASPR VI - Hospital Surge	93.889	HC589000	1	9/1/07 - 8/8/08	175,847	35,701	140,146	175,847
ASPR VI - Pandemic Flu Surge	93.889	HC589000	1	9/1/07 - 8/8/08	75,310	12,065	63,245	75,310
ASPR VII - Hospital Surge	93.889	HC613600	1	8/9/08 - 8/8/09	202,295	0	55,058	55,058
Total CFDA 93.889						\$279,987	\$356,925	\$636,912
Ryan White II - HIV Care	93.917	HC450000	1	4/1/04 - 3/31/08	83,063	\$20,064	\$0	\$20,064
Ryan White II - HIV Care	93.917	HC602800	1	4/1/08 - 6/30/09	38,050	7,207	30,793	38,000
Total CFDA 93.917						\$27,271	\$30,793	\$58,064
Women's Health Check	93.919	HC571700	1	6/30/07 - 6/29/08	84,260	\$77,648	\$0	\$77,648
Women's Health Check	93.919	HC607500	1	6/30/08 - 6/29/09	58,386	0	58,364	58,364
Total CFDA 93.919						\$77,648	\$58,364	\$136,012
HIV Prevention (STD Contract)	93.940	HC491100	1	1/1/05 - 12/31/07	96,638	\$13,530	\$0	\$13,530
HIV Prevention (STD Contract)	93.940	HC599800	1	1/1/08 - 12/31/08	28,908	13,980	14,907	28,887
HIV Prevention (STD Contract)	93.940	HC634100	1	1/1/09 - 12/31/09	29,490	0	15,028	15,028
HIV Prevention	93.940	HC533600-A#1	1	1/1/06 - 12/31/07	59,724	12,369	0	12,369
HIV Prevention	93.940	HC533600-A#2	1	1/1/06 - 12/31/08	26,453	14,299	11,654	25,953
HIV Prevention	93.940	HC533600-A#3	1	1/1/09 - 12/31/09	24,953	0	10,678	10,678
Total CFDA 93.940						\$54,178	\$52,267	\$106,445
HIV Surveillance	93.944	HC567100	1	1/1/07 - 12/31/07	3,500	\$1,597	\$0	\$1,597
HIV Surveillance	93.944	HC598500	1	1/1/08 - 12/31/08	3,500	2,003	1,497	3,500
HIV Surveillance	93.944	HC631200	1	1/1/09 - 12/31/09	3,500	0	1,740	1,740
Total CFDA 93.944						\$3,600	\$3,237	\$6,837

The accompanying notes are an integral part of the schedule.

STATE OF IDAHO
SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2008 AND JUNE 30, 2009

Federal Grantor / Program Title	Federal CFDA	Contract Number	Pass-Through Entity *	Contract Period	Contract Amount	Federal Expenditures FY08	Federal Expenditures FY09	Total Federal Expenditures
Sexually Transmitted Disease	93.977	HC491100	1	1/1/05 - 12/31/07	\$69,980	\$12,445	\$0	\$12,445
Sexually Transmitted Disease	93.977	HC599800	1	1/1/08 - 12/31/08	20,989	10,976	10,013	20,989
Sexually Transmitted Disease	93.977	HC634100	1	1/1/09 - 12/31/09	18,445	0	8,962	8,962
Total CFDA 93.977						\$23,421	\$18,975	\$42,396
Diabetes	93.988	HC570100	1	4/1/07 - 3/29/08	20,000	\$15,626	\$0	\$15,626
Diabetes	93.988	HC602400	1	4/1/08 - 3/29/09	17,500	4,375	13,125	17,500
Diabetes	93.988	HC637000	1	3/30/09 - 3/29/10	16,650	0	4,161	4,161
Total CFDA 93.988						\$20,001	\$17,286	\$37,287
Fit and Fall Proof	93.991	HC563600	1	11/1/06 - 9/30/07	36,000	\$3,600	\$0	\$3,600
Fit and Fall Proof	93.991	HC593600	1	10/1/07 - 9/30/08	36,000	26,548	9,452	36,000
Fit and Fall Proof	93.991	HC623000	1	10/1/08 - 9/30/09	36,000	0	31,488	31,488
Total CFDA 93.991						\$30,148	\$40,940	\$71,088
Epidemiology - MCH	93.994	HC586400	1	10/1/07 - 9/30/08	25,358	\$25,358	\$0	\$25,358
Epidemiology - MCH	93.994	HC623900	1	10/1/08 - 9/30/09	24,521	0	19,396	19,396
Family Planning - Title V	93.994	HC410500	1	10/1/03 - 9/30/07	336,000	21,000	0	21,000
Family Planning - Title V	93.994	HC591600	1	10/1/07 - 9/30/08	72,832	54,630	18,202	72,832
Family Planning - Title V	93.994	HC628200	1	10/1/08 - 9/30/09	68,517	0	47,610	47,610
Oral Health	93.994	HC560700	1	10/1/06 - 9/30/07	33,969	5,405	0	5,405
Oral Health	93.994	HC592600	1	10/1/07 - 6/30/09	57,832	25,819	32,013	57,832
Total CFDA 93.994						\$132,212	\$117,221	\$249,433
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						\$1,921,574	\$1,571,111	\$3,492,685
U.S. DEPARTMENT OF HOMELAND SECURITY								
Donated Motorola 700 MHz Base Radio	97.067	ERID 21551; GAN 60537931	5	n/a	9,200	\$9,200	\$0	\$9,200
Total CFDA 97.067						\$9,200	\$0	\$9,200
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY						\$9,200	\$0	\$9,200
TOTAL EXPENDITURES OF FEDERAL AWARDS						\$6,544,428	\$6,531,053	\$13,075,481

* Legend:

- 1 = State of Idaho, Department of Health and Welfare
- 2 = Idaho Housing and Finance Association
- 3 = State of Idaho, Department of Environmental Quality
- 4 = American Academy of Pediatrics
- 5 = Franklin County, Idaho, Department of Emergency Services
- 6 = National Association of County and City Health Officials (NACCHO)
- 7 = Direct Grant

The accompanying notes are an integral part of the schedule.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*.

The CFDA refers to the *Catalog of Federal Domestic Assistance*, which is a government-wide list of individual federal programs. Federal award programs for which a number could not be determined, are identified with the first two digits that identify the federal grantor department, followed by ".999."

NOTE 2. WIC FOOD VOUCHERS

The District determines eligibility for the Women, Infants and Children (WIC) program. Within the WIC program, the District distributes food checks to clients and controls unissued food checks. The Idaho Department of Health and Welfare issues and redeems food checks, controls the food checks issued, and reviews program compliance. The value of the food checks redeemed through the Idaho Department of Health and Welfare during fiscal years 2008 and 2009 was \$3,589,973, and \$3,776,032, respectively.

NOTE 3. VALUE OF CONTRACEPTIVES

The District provides contraceptives on a sliding fee scale to eligible clients of the federally funded Reproductive Health Clinic. The Idaho Department of Health and Welfare purchases the contraceptives and supplies them to the District as needed. The value of the contraceptives supplied by the Idaho Health and Welfare Department during fiscal years 2008 and 2009, was \$92,781 and \$75,141, respectively.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Basic Financial Statements

1. The independent auditor's report on the basic financial statements expressed an unqualified opinion.
2. The audit of the basic financial statements disclosed no significant deficiencies that were considered a material weakness.
3. The audit did not disclose any instances of noncompliance considered material to the basic financial statements.

Federal Awards

4. The audit did not disclose any significant deficiencies in internal control over major programs.
5. The independent auditor's report on compliance for major programs expressed an unqualified opinion for all major programs.
6. The audit did not disclose any findings that must be reported in accordance with criteria in Section 510a of *OMB Circular A-133*.
7. Major programs are listed below:

<u>Program Title</u>	<u>CFDA Number</u>
WIC	10.557

8. The dollar threshold used to distinguish between Type A and Type B programs was \$392,264.
9. Southeastern District Health Department (VI) did qualify as a low-risk auditee as defined by *OMB Circular A-133*.

SECTION II. FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS

NONE

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

AGENCY RESPONSE



July 2, 2010

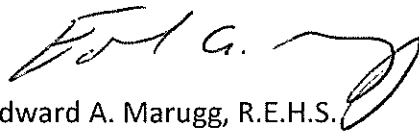
Mr. Don H. Berg
Legislative Audits Division
Statehouse
PO Box 83720
Boise, Idaho 83720-0054

Dear Mr. Berg:

I have received and reviewed the audit report for the Southeastern District Health Department for FY 08 and 09. I am in agreement with the report as it stands. The report indicates there are no findings or recommendations, and as such; no corrective action is required on the District's part. I am aware, however, that an on-going review of our processes and procedures is essential, to ensure the continuation of good audit results in the future. The Health District operates in a changing environment, as issues we face daily become increasing complex. This requires vigilance on the District's part to review its internal controls on a regular basis; ensuring they are changed and/or strengthened as appropriate. I am committed to this process.

I thank you and your staff for the work done. I appreciate the time and effort staff has taken to provide me with this valuable feedback.

Respectfully,



Edward A. Marugg, R.E.H.S.
Director

APPENDIX

HISTORY

The following is a chronological history of the basic health care services that the State has provided to the public.

- 1907 – The State Board of Health and counties that had local boards of health were statutorily authorized joint responsibility for public health.
- 1947 – A public health district law was enacted that permitted two or more counties to establish a public health district. Participation in the forming of the health districts was voluntary.
- 1970 – The legislature established a law that created seven mandatory public health districts. In the Southeastern District Health Department (VI), the counties designated were Bannock, Bear Lake, Bingham, Butte, Caribou, Franklin, Oneida, and Power. The director of the State Department of Health and Welfare was designated fiscal officer for the various districts.
- 1976 – Legislative intent was expressed that the health districts are not State agencies, and that they be recognized as authorized governmental entities.
- 1986 – Idaho Code was amended to allow district health departments to promulgate rules and regulations without the State Board of Health's approval.
- 1993 – The legislature clarified the need for health districts to use the Idaho Administrative Procedures Act for fees and rules.

PURPOSE

The purpose of the District is to prevent disease, disability, and premature death, and to protect and promote the health and quality of our environment.

STATUTORY AUTHORITY

The statutory authority for the District is found in Idaho Code, Title 39, Chapter 4.

ORGANIZATION

The District is supervised by an eight-member board appointed by the county commissioners of the counties served, plus one physician member of the board as allowed by Idaho Code, Section 39-411. Board members serve staggered five-year terms, and are reimbursed \$75 per working day plus all necessary travel expenses. The board appoints a director to administer and manage day-to-day activities of the District. Physicians provide medical consulting services to the District.

The District is organized into five major sections:

1. Administration – Provides support to the District's other sections (budget, accounting, and government services).
2. Family and Community Health – Provides services such as immunizations, family planning, sexually transmitted disease/HIV prevention and control, tuberculosis control services, nutrition, school health, breast and cervical cancer screening, infant and toddler developmental screening, prenatal education, and HIV case management services.
3. Environmental Health – Provides licensing, inspecting, investigating, and monitoring services at food establishments, day care centers, public swimming pools, water systems, sewage systems, and solid waste sites. This section also investigates disease occurrences and public health nuisances.
4. Home Health and Hospice – Provides in-home skilled nursing, therapy, and aide services to patients who require intermittent care to stay comfortable and safe at

home. This division also provides in-home hospice services to the terminally ill. Although this major section was closed on December 31, 2007, revenue and expenses continued through fiscal year 2009.

5. Health Promotion – Provides community health promotion services including risk reduction and education related to smoking cessation, tobacco prevention, epidemiology, diabetes, abstinence, dental health, asthma, public health preparedness, and injury prevention. This section also supports the other sections' health promotion needs and general public awareness of public health issues.

The District has a central office in Pocatello and seven satellite offices in American Falls, Arco, Blackfoot, Malad, Montpelier, Preston, and Soda Springs. An organizational chart is included with this report.

STAFFING

At the end of fiscal year 2009, the District had 99 employees. Of these, 26 worked in Administration, 48 in Family and Community Health, 10 in Environmental Health, and 15 in Health Promotion.

FUNDING

Financing for the District comes from State General Fund appropriations; county contributions; contracts from federal, State, and private vendors; fees for providing client services; receipts received from the sale of septic system permits; fees for mortgage survey services; fees from subdivision plan reviews; and the sale of supplies. Also, some revenue is generated from donations and contributions. The amount included in the District's General Fund appropriation request is determined by Idaho Code, Section 39-425. The Idaho State Legislature sets the District's General Fund appropriation, which can be more or less than the amount requested.

The District also receives funds from contracts with the Idaho Department of Health and Welfare, cities, and other governmental agencies. Funds also come from clients who receive public health services and from others for environmental inspections and licenses.

SOUTHEASTERN DISTRICT HEALTH DEPARTMENT

Organization Chart, as of June 30, 2009

